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## OFFICE OF PUBLIC INSTRUCTION

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### Title IV-A Safe And Drug Free Schools and Communities (SDFSC) Allowable and Unallowable Costs

#### General Information:

Although the SDFSC Act authorizes a broad range of activities, there are additional requirements governing the expenditure of federal funds. The Education Department General Administrative Regulations (EDGAR) Section 80.22 and the federal Office of Management and Budget (OMB) Circular A-87 provide general guidelines on allowable costs, as well as specific determinations regarding certain types of costs.

*See the State and Federal Grants Handbook, available on-line at the OPI website:  
[www.opi.state.mt.us/federal\\_programs](http://www.opi.state.mt.us/federal_programs) for complete information.*

In order to be considered an "allowable cost" of a federal program such as SDFSC, costs must be necessary for the efficient conduct of a program, reasonable, and not otherwise restricted by statute or regulation.

Examples of costs that are determined **unallowable** for payment through any federally supported project, including SDFSC, include:

- Promotional items and memorabilia including models, gifts, and souvenirs. For SDFSC purposes this prohibition includes clothing such as t-shirts and hats, gadgets and other items not necessary for the prudent operation of your program.
- Entertainment costs, including amusement, diversion, social activities and any costs directly associated such as tickets to shows or sports events, meals, alcoholic beverages, lodging, rentals, transportation and gratuities. This means that drug-free dances, senior all-night parties, ski trips, bowling parties, group trips to baseball games, and other similar events are not allowable. The prohibition includes transportation, lodging, or meals to attend such functions.

**Supplanting:** SDFSC funds are available to supplement but not supplant or replace local funds (i.e. state, county, or other local funds). If it can be demonstrated that the district no longer has funds available to support a coordinator's position or other program component, it is possible to use SDFSC funds if:

- The district maintains documentation clearly showing that the decision to use SDFSC funds was a result of other funding being eliminated; and
- The position must be one that is not otherwise mandated by Accreditation Standards or state law.

## **Safe and Drug Free Schools –program specific requirements:**

The annual application for SDFSC funds describes the variety of activities allowed under the No Child Left Behind Act. The U.S. Department of Education also grants the Office of Public Instruction (OPI) a level of discretion in interpreting the guidance and rules and in administering the program.

If you have any questions about the methods you intend to use, call the Office of Public Instruction to assure that you have interpreted the rules correctly. The following are selected topics that arise frequently; this is not an inclusive list, so feel free to present your questions at any time.

SDFSC Coordinator - These funds may be used for a coordinator or project director provided the following conditions are met:

- SDFSC funds are used for services directly related to the program management or organization of the grant and are commensurate with the time spent coordinating or providing grant activities as described in the application; and
- The funded position cannot be one that is required to be maintained by the Board of Public Education's Accreditation Standards or by state law and had been previously supported through local funds. Be cautious that the school district does not jeopardize "maintenance of effort."

Administrative Costs- The law requires that a SDFSC project can use no more than 2% of their grant for administrative costs of carrying out its responsibilities and which are not directly related to provision of services. In this instance OPI has interpreted this requirement to mean matters common to grants in general, such as financial management, kinds and frequency of reports, and retention of records. These are distinguished from "program requirements" such as those addressed by a program coordinator/director.

Sexuality Education Programs- These funds may not be used for sexuality education programs, regardless of a program's claim about its relationship to decision-making.

Program Change Requests- Certain types of changes require written prior approval by OPI:

- *Budget Changes*: a) additional equipment costing \$5,000 or more per unit; and b) revisions resulting in changes in overall funding.
- *Program Changes*: a) change in scope and objectives regardless of an associated budget revision; and b) request to extend the project period from June 30 to September 30.

Questions may arise throughout the project year that are not specifically addressed in the State and Federal Grants Handbook or other guidance readily available to schools. Before you make a questionable decision, please call the OPI Title IV SDFSC Specialist in the Division of Health Enhancement or the Title IV SDFSC Accountant in the Fiscal Services Division .